



**Saskatchewan** Real Estate Commission

# Annual Report

2016-2017



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The Saskatchewan Real Estate Commission is an independent, non-governmental agency, responsible for the regulation of the real estate industry in Saskatchewan. The Commission is mandated to protect consumers and to provide services that enhance and improve the industry and the business of industry members.

## Background

The Commission is established by, and derives its authority from, *The Real Estate Act*, and undertakes the day-to-day administration of all aspects of real estate legislation.

In conjunction with Saskatchewan Justice, the Commission co-regulates the real estate industry. The Superintendent of Real Estate, Saskatchewan Justice, is responsible for the Commission in Saskatchewan.

Commission staff report through the Executive Director/Registrar, to the Commission members on all operations. The administration of the regulatory requirements of the real estate industry is done through *The Real Estate Act*, its *Regulations* and the Commission's Bylaws.

# Mission, Mandate, Vision

## Mission Statement

To protect the public interest by ensuring that registrants act within a professional framework that promotes ethical conduct and integrity and strengthens consumer trust and confidence.

## Mandate

The Saskatchewan Real Estate Commission (Commission), is responsible for the regulation of the real estate industry to ensure protection of the public interest.

Responsibilities of the Commission include:

- maintenance of a register of all persons registered to trade in real estate in Saskatchewan
- auditing of brokerage trust accounts
- conducting investigations and hearings with respect to the actions of registrants
- setting standards of conduct for industry members
- acting as a resource to consumers and registrants
- administration of the Interest Bearing Trust Account Fund (IBTA) and the Real Estate Assurance Fund (REAF).

The Commission approves all licensing and continuing education courses for registrants in all areas of real estate. The Commission mandates a number of forms for use in real estate trades in order to facilitate a uniform level of service to the public.

## Vision

For the overall enhancement of the industry, the Commission is empowered to develop specific projects for the educational benefit of all registrants within the province.

The Commission undertakes to ensure that real estate and property management courses are kept up-to-date, to study and implement continuing education, to develop relevant seminars for all registrants, and to produce brochures, manuals, newsletters, etc., as appropriate.

# The Commission

## Members

## Term

David Chow	Public Appointee	June 22, 2011	to	Oct. 16, 2017
Michael (Mike) Duggleby	Industry Member	July 1, 2014		June 30, 2020
Dave Hepburn	Industry Member	July 1, 2013		June 30, 2019
Paul Jaspar	Public Appointee	June 22, 2011		Oct. 16, 2017
Trevor Koot	Industry Member	July 1, 2013		June 30, 2019
Murray Lang	Public Appointee	June 22, 2011		Oct. 16, 2016
Jeffrey (Jeff) Markewich	Industry Member	July 1, 2013		June 30, 2018
Vernon (Vern) McClelland	Industry Member	July 1, 2015		June 30, 2018
Alan (Al) Myers	Industry Member	Sept. 25, 2014		June 30, 2019
Tim Ward	Public Appointee	June 22, 2011		Oct. 16, 2016
Bernie Weinbender	Industry Member	July 1, 2014		June 30, 2017



From left to right: (seated) Trevor Koot, Murray Lang, Dave Hepburn, David Chow (standing) Bernie Weinbender, Aaron Tetu, Jeff Markewich, Vern McClelland, Tim Ward, Al Myers, Mike Duggleby  
Missing: Paul Jaspar

# Chair's Report

This is my third consecutive year writing the 'Chair's Report' for the Commission's Annual Report, and it continues to be my honor and privilege to be in such a position. To continue to have the opportunity to work with an amazing and dedicated group of staff and Commission members has been nothing short of an adventure.

Each report has had me opening with a phrase along the lines of, "this has been another year of significant change and the continuation of some major projects". Yet, at the risk of sounding repetitive...

This year *has* been another year of significant change and the continuation of some major projects. 2016/2017 saw the Commission, at long last, present to the Ministry the draft legislation to move the Commission toward a self-regulated model, which has been four years in the making. The timeline currently has us on track to see the implementation of the proposed legislation in 2019.

As most are aware, RFPs were issued for the Commission's auditor, investment advisor, and education provider during this fiscal period. We awarded and announced changes to the providers accordingly. We are looking forward to working with each of these organizations and appreciate all of the work, effort, and progress achieved with all of our previous partnerships.

As mentioned in my 'Message from the Chair' in our most recent issue of *The Register*, the time has come for me and my family to move on. This move is taking us to British Columbia and, as a result, I will no longer be able to maintain my role of I,C & I representative and Chair for the Commission.

I have truly enjoyed the time I have had with the Commission, all of the people I have met and had the privilege to work with along the way, and the personal growth I have experienced from my involvement. The current staff and Commission members are a diverse, ambitious, hard-working and visionary group that I have no doubt, will lead the organization on a path of growth.

Your regulator continues to work to protect the public while considering the industry and its members. It has been my honor to play a small role in its legacy.

Respectfully submitted,

*Trevor Koot*  
*Commission Chair*

# Compliance Report

## Introduction

The Legal & Compliance Manager is responsible for leading and managing all legal and compliance functions of the Commission. This includes working with the public, external agencies, and registrants to ensure compliance with *The Real Estate Act*, its *Regulations*, and the Commission's Bylaws. The Compliance Department includes the Legal & Compliance Manager, the Compliance Officer, and the Legal Assistant.

## Complaint Information

Over the past year, 92 complaint files were opened by the Commission. As of June 30, 2017, there were 108 open complaint files.

### Complaints were made against:

PARTY	NUMBER #	PERCENT %
Salespeople	47	51
Brokers	28	30
Non-registrants	7	8
Brokerages	2	2
Associate Brokers	7	8
Branch Managers	1	1

### Complaints were received from:

SOURCE	NUMBER #	PERCENT %
General public	62	67.5
Commission	13	14
Registrants	16	17.5
Anonymous	1	1
Boards	0	0

DESCRIPTION	June 30, 2015	June 30, 2016	June 30, 2017
Files opened during fiscal year ending	105	85	92
Files closed during fiscal year ending	127	83	65
Files remaining open as at	87	87	108

Eight matters were resolved by consent order and one matter was resolved by mitigation hearing this year. No discipline decisions were appealed to the Superintendent of Real Estate. Nine complainants requested a review by the Investigation Committee of the Review Officer's recommendation for no further action. Upon review, the Investigation Committee confirmed the Review Officer's recommendation in all instances.

# Compliance Report, continued

## Information for the Public

New and archived hearing decisions continue to be posted to CanLII.org, where they will remain indefinitely. Currently, CanLII has complete coverage from January 1, 2004.

A “Commission Discipline Process” flow chart was created this year and is now provided to all complainants and registrants when a Formal Complaint to take further action (discipline) on a complaint is issued.

## Compliance Department

Reché McKeague, Legal & Compliance Manager, and Nina Criddle, Compliance Officer, are both practicing lawyers, duly registered with the Law Society of Saskatchewan. Laura Mychan is the Commission’s Legal Assistant.

The Compliance Department continues to streamline the complaint and discipline processes with templates for correspondence and implementing new file tracking systems to ensure timely case management. The staff meet weekly to review ongoing files and discuss file progress. A contractor performs the compliance review function for brokerage audits, of which there were 50 this year, and every report is reviewed by the Compliance Officer or Legal & Compliance Manager before being distributed to the brokerages.

The Compliance Department answers dozens of inquiries by registrants and members of the public each week, both by telephone and email. The Compliance Officer writes several articles for each issue of *The Register*. The Compliance Department also provides support for the Legislative Committee, which includes research and preparation of new and amended regulations, bylaws, and policies. The Legal & Compliance Manager undertakes similar work for the Brokerage Audit Committee.

The Legal & Compliance Manager made presentations to several different organizations this year:

- Canadian Bar Association (Saskatchewan) Mid-Winter Meeting, February 2, 2017, titled, “What to Expect When You’re Expecting (a Real Estate Deal)”, outlining what lawyers should expect from registrants when working together on a real estate transaction.
- Melfort Real Estate Council, June 9, 2017, on a mixed bag of topics. Approximately 12 registrants attended.
- Association of Regina Realtors, July 19, 2017, on marketing and advertising with a focus on social media. 15 registrants attended the in-person session and 22 registrants watched it live by accessing the presentation through Facebook Live. The video on the Association’s private Facebook group has had 139 views to date.

On August 15, 2017, the Compliance Department presented a half-day training session to all Investigation Committee members. The training was very well received by the Investigation Committee and the Department is pleased to have undertaken it.

# Compliance Report, continued

## Training and Education

The Legal & Compliance Manager and Compliance Officer, as members of the Law Society of Saskatchewan, are required to complete 36 hours of “Accredited CPD Activities” in a rolling three-year term. At least six of the required 36 hours must be “Ethics Hours”. These requirements were met for each of the calendar years in this fiscal year (2016 & 2017).

Education and training sessions attended by the Legal & Compliance Manager include:

- ARELLO Annual Conference; Vancouver, British Columbia; September 21-24, 2016
- Canadian Bar Association (Saskatchewan) Mid-Winter Meeting; Saskatoon, Saskatchewan; February 2-3, 2017
- CBA Real Property North section meeting, “Mixed Bag of Hot Button Real Estate Issues”, Saskatoon, Saskatchewan; March 20, 2017
- Law Society of Saskatchewan, “Technology and the Changing Legal Landscape”; Regina, Saskatchewan; June 15, 2017

Education and training sessions attended by the Compliance Officer include:

- Law Society of Saskatchewan and the Canadian Mental Health Association, “Mental Health First Aid Workshop”; Saskatoon, Saskatchewan; October 28-29, 2016
- Canadian Bar Association (Saskatchewan) Mid-Winter Meeting; Saskatoon, Saskatchewan; February 2-3, 2017
- CLEAR call webinar, “Can I Please Take My Hat Off: Parameters of Off-Duty Conduct”; February 21, 2017
- Carswell Professional Development Centre webinar, “Legal Best Practices for E-Signatures”; March 28, 2017

*Reché McKeague*  
*Legal & Compliance Manager*

# Registration Report

The Commission is committed to protecting the public interest and enhancing consumer confidence in the real estate profession. We work to realize this goal through the day-to-day regulation of Saskatchewan's real estate registrants.

The Commission is responsible for maintaining a databank of organized data pursuant to *The Real Estate Act* in Saskatchewan. The Commission maintains this database through an internet-based real-time computer program we refer to as our online registration system (sometimes also called the OLS). This database catalogues all students and active and retired registrants, and their education, registration and compliance histories. The online registrations system also holds a directory of all past and current brokerage offices, the reported interest earned from real estate and property management trust accounts and an account of annual financial reporting. Working together with Jason Weiler, the Commission's System Administrator, our system is continually expanding to accommodate growth parameters. The benefits of having in-house IT are innumerable.

As students, reciprocity applicants, and registrants on a leave of absence have approximately two years to complete educational requirements and/or submit necessary documentation and become registered with a brokerage, there are a large number of prospective registrants at any given time. Whether currently registered or not, our online registration system at this present time holds records for 813 brokerages, 91 branch offices, 6,176 individuals and 263 individual permitted professional corporations.

Permitting brokers to access their own accounts on the Commission's online registration system to process their transactions has saved the Commission staff significant time and effort in the administration of such necessary data. Additionally, brokers now have the capability to file their Annual Financial Reports electronically by allowing them to process such transactions as the following (representative of the 2016/17 fiscal/registration year):

- 1,841 renewal of registrations
- 219 terminations
- 155 new registrations
- 110 re-instatements
- 92 transfers.

The Commission protects the public interest by enforcing the standards to obtain and maintain registration as a brokerage, broker, associate broker, branch manager or salesperson.

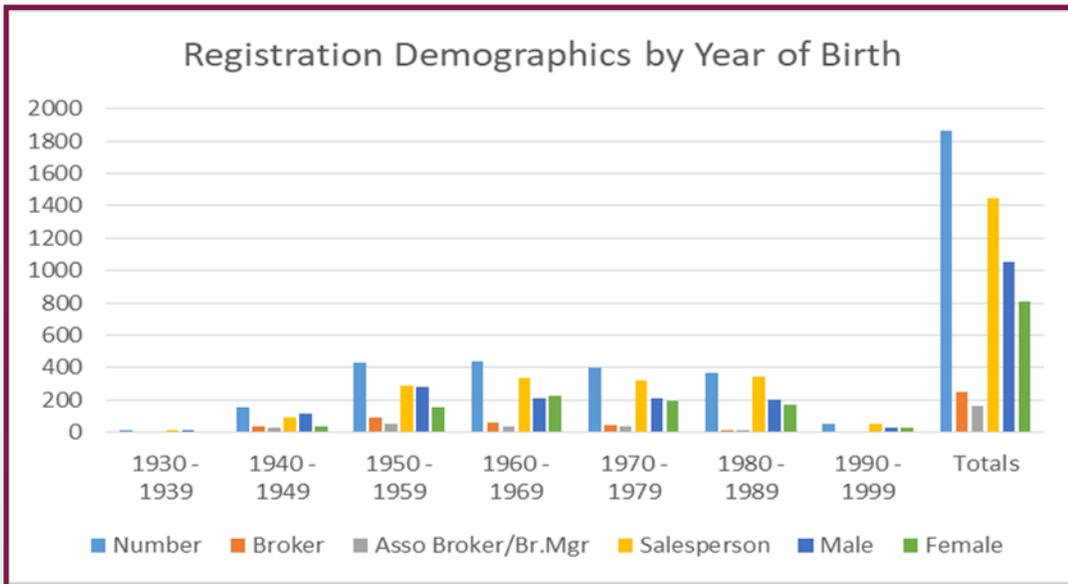
*Gail Armstrong*  
*Registration & Office Administrator*

# Registration Demographics

For the 2016-2017 fiscal year, there were a total of 1,862 active registrants registered with the Saskatchewan Real Estate Commission.

The breakdown is as follows:

- 249 Brokers
- 166 Branch Managers & Associate Brokers
- 1,447 Salespeople



## By The Numbers

(interesting statistics about Saskatchewan registrants as at June 30, 2017):

- 1,055 male and 807 female registrants
- 390 registrants licensed to trade in Residential real estate only
- 20 registrants licensed to trade in Property Management real estate only
- largest percentage (39%) of registrants are in Saskatoon followed by Regina (28%)
- Saskatoon and Regina each have 66 registered brokerages

# Commission Committees

Section 9 of *The Real Estate Act* allows for the establishment of committees as the Commission deems necessary, including a mandatory Selection Committee in charge of the selection process for Commission members.

Committees are made up of members of the Commission, Commission staff and other registrants as required. The Commission Chairperson and Executive Director/Registrar are ex-officio members of all committees.

The Commission may also establish ad-hoc committees or task forces to address specific issues usually within a specified time frame. Once the work of such a committee is complete or there is no further need of it, the committee is disbanded.

## **Brokerage Audit Committee**

*Chair: Paul Jaspar*

*Members: Trevor Koot, Jeff Markewich, Tim Ward*

*Staff Support: Reché McKeague*

Mandate: To ensure the audit of brokerage trust accounts are completed at minimum every five years, that new brokerages are audited within 18 months of registration, that the audit serves as an educational tool to brokers and to review audits for concerns, compliance, timing and procedures in order to achieve increasing compliance gains for the industry as well as the broker.

## **Education Committee**

*Chair: Bernie Weinbender*

*Members: Mike Duggleby, Jeff Markewich, Al Myers*

*Staff Support: Susan McCrae*

Mandate: To research, identify and make recommendations on issues having to do with the development and delivery of real estate registration education and continuing professional development.

## **Hearing Committee**

*Chair: Jeff Reimer/Randy Touet*

*Members: David Chow, Mike Duggleby, Dave Hepburn, Paul Jaspar, Trevor Koot, Murray Lang, Phillip Mack, Jeff Markewich, Al Myers, Vern McClelland, Tim Ward, Wayne White*

Mandate: To consider, and if necessary, investigate all complaints made to the Commission.

## **Investigation Committee**

*Members: Brad Gilbert, Anne Odishaw, Bill Pain, Jason Rumpel, Bernie Weinbender, Marlene Williamson*

*Staff Support: Reché McKeague*

Mandate: To review and/or investigate complaints brought to the Commission and make recommendations on changes to *The Act, Regulations, Bylaws and/or Policies*, and to aid in developing new legislation as necessary.

## **Legislative Committee**

*Chair: David Chow*

*Members: Mike Duggleby, Dave Hepburn, Trevor Koot, Vern McClelland*

*Staff Support: Reché McKeague*

Mandate: To review and make recommendations to the Commission on changes to the *Act, Regulations, Bylaws and/or policies*, and to aid in developing new legislation as necessary.

## **Management Committee**

*Chair: Trevor Koot*

*Members: Dave Chow, Dave Hepburn, Paul Jaspar*

*Staff Support: Aaron Tetu*

Mandate: To monitor the financial stewardship of the Commission, develop the annual budget, act as liaison with the provincial association and to perform management-level decision-making as needed.

# Brokerage Audit Committee Report

Outsourcing of the financial audits of brokerage offices through EPR Saskatoon (EPR), continues to be a positive step to aid in the Commission's mandate of public protection. It has proven not only to be cost effective, but also sustainable, while meeting the objective of having all brokerages audited within a five-year period and all new brokerages being audited within the first year of operations.

As usual, 50 brokerages were randomly selected for the 2016-17 audit process. To date, EPR has completed 34 of those audits. To complement the financial audits completed by EPR, Commission staff and an outside contractor carry out a compliance audit of the transaction files and documents obtained by EPR from each brokerage during the course of the audit. Although minor issues were discovered, none of the irregularities appear to have resulted in harm to the public. The information gathered is valuable in determining the direction of the Commission's mandated continuing education, and the articles to be published by the Commission in its newsletter, *The Register*, and on Twitter ([@SREC\\_comm](https://twitter.com/SREC_comm)).

The Commission staff also conduct a complete review of financial reports filed by all brokerages for the previous calendar year. On or around December 1st, correspondence is sent to all brokers requesting that they complete their Annual Financial Report, regarding their interest bearing trust accounts and property management operating accounts, and file their reports on the Commission's online registration system prior to the March 15<sup>th</sup> deadline, in accordance with Commission Bylaw 606.

Commission staff may request additional information from brokers regarding issues identified as requiring attention in order to clarify or support the information in the reports as filed. Brokers who fail to completely submit these reports by the required deadline are charged a \$1,500 late filing fee and have restricted access to online transactions for the brokerage until the report is successfully filed and fee is paid.

According to the Registration Report, there are:

- 249 brokerages
- 726 trust and operating accounts
- 21,776 real estate transactions
- 3,872 property management contracts
- \$468,128,214.22 in funds went through brokerages

*Paul S. Jaspar, FCPA, FCA*  
*Brokerage Audit Committee Chair*

# Education Committee Report

It has been another year of intense work in education for the Commission. In alignment with our strategic goal to enhance the real estate profession through education, the Education Committee and the Exam Task Force, in conjunction with our education provider, the Association of Saskatchewan REALTORS® (Association), have continued with the task of overhauling the entirety of the mandatory educational program.

The annual CPD offering was overhauled to include a choice of three course options for registrants to fulfill their CPD requirement. All courses are offered in an online format so registrants have the opportunity to take complete their CPD anywhere, anytime. The goal each year is to provide registrants with a choice of courses which contain topical, timely, industry-based learnings and skills, allowing individuals to select a course that aligns best with their information and skill-building needs for that year.

The Association and the Commission continue with the significant task of overhauling the pre-registration education program. Though it has always been our policy to review our education courses annually and update them as required, this initiative is a labour-intensive undertaking involving subject matter experts, professional content writers and instructional designers, and an exhaustive content review. This rejuvenation also includes revisions to the way courses are presented, organized, and formatted.

This is a long-term project with anticipated completion in 2019. Because the current provider contract was coming due at the end of 2018 and in order to satisfy due process, a public Request For Proposals (RFP) was disbursed in April 2017, proposals were received in May, and a new education program provider was identified in July. UBC Sauder School of Business's Real Estate Division will be the Commission's education provider effective January 2019. We are excited to begin working with them shortly.

Working so closely with the Association for so long has been mutually beneficial. Both organizations have learned much and done their best in the interest of registrants. We value the close working relationship we have always shared and know we'll continue to do so.

With the new Commission year in full swing and my term having come to an end in June, I confidently pass the torch to Vern McClelland. It has been my pleasure to sit on the Education Committee and work alongside Jeff, Mike, Al and Susan.

*Bernie Weinbender*  
*Education Committee Chair*

# Legislative Committee Report

## Introduction

The Saskatchewan Real Estate Commission was created July 1, 1988, through the enactment of provincial legislation. The mandate of the Legislative Committee is to make recommendations to the Commission on changes to *The Real Estate Act*, its *Regulations*, the Commission's Bylaws and Policies consistent with the Mission, Vision and Values enumerated by the Commission.

## Proposed Legislation Changes

The Committee has completed its redrafting of the Real Estate Act, Regulations, Bylaws and the creation of a Rules document. The four proposed documents have been submitted to the Minister of Justice's office and the Financial and Consumer Affairs Authority (FCAA). Currently, the documents are with Legislative Drafting Services for provincial government vetting and recommendations to Cabinet. The Committee will continue to work with that branch of government to address any issues that it might have with the proposed documents.

The process of redrafting the legislation has continued for nearly four years. It is expected that Legislative Drafting Services will have an opinion for the Minister of Justice's Office for late in 2017. If agreeable, the legislation could be in place for July 1st, 2018; however, the recent changes in political climate may have an impact on our timelines since the Minister of Justice that we have been dealing with for the last four years is a candidate for the job of Premier.

## Additional Initiatives

The Committee has no outstanding bylaw amendment requests outstanding with FCAA as of the end of SREC's fiscal year. Each of our initiatives on the long list referred to in the 2016 report have been completed with the exception of a clear tool for use in standardizing square footage measurements. That initiative continues to be discussed in an effort to implement a practical solution to issues that arise in measuring and advertising square footage. The Committee also continues to work with the professional administration to update and improve the governance materials for Commission Board Members.

As I complete my sixth and final year with the Commission as a Government Appointee and fourth year as Chair of the Legislative Committee, I am stepping aside as Chair in an effort to allow a very capable Mike Duggleby to get comfortable leading the Committee. While I would have preferred to see the new legislation implemented during my tenure, I am very pleased to hand the reins to Mike after having accomplished nearly everything that we set out to do as a Committee.

I want to extend a special thank you to the Committee members and the very talented professional support team for their tireless work and dedication over the last year.

*David Chow*  
*Legislative Committee Chair*

# Real Estate Assurance Fund Report

The Saskatchewan Real Estate Commission is responsible for the administration of the Real Estate Assurance Fund (REAF). The REAF was established to provide financial protection to consumers where they have suffered a loss as a result of a deficiency in the money held in trust by a brokerage in connection with a trade in real estate. The REAF is funded by the investment of the money in the REAF account. The funds are gathered based on a levy per registrant at his/her time of initial application for registration with the Commission, and upon renewal each year for each registrant.

The Commission may make payment to a consumer from the REAF for, in the opinion of the Commission, a valid claim. If a claim against a brokerage is disputed by the brokerage, the claimant must obtain a judgment against the brokerage.

The maximum claim under the REAF is \$25,000. The maximum of the aggregate of claims for one brokerage is \$50,000. Where the aggregate of all valid claims against one brokerage exceeds \$50,000, the claims are paid on a pro-rata basis. A claimant has two years from the date of the deposit with the brokerage to make a claim with the Commission.

There were no claims made against the fund over the 2016-2017 fiscal year.

# Interest Bearing Trust Account Report

The Saskatchewan Real Estate Commission established, as one of its mandates, the improvement in professionalism and education of all registrants. In accomplishing this long-term objective, during the 2014-2015 registration year, the Commission developed projects that fell within the parameters of Section 72 of *The Real Estate Act* allowing the utilization of interest accumulated through interest bearing trust accounts (IBTAs), or accounts held in trust by brokerages on behalf of a client's real estate transactions.

## **IBTA Project Summaries:**

### **Project #1 – Audit of Trust Accounts**

In order to satisfy the Saskatchewan Real Estate Commission's mandate, the Commission implemented a new Brokerage audit process. Altering the procedure to become partially out-sourced, a two-step process was designed to add a higher level of efficiency to the process.

The first step of the process is to perform an audit of the brokerage's financial records. This initial audit function has been outsourced to an accounting firm, EPR Saskatoon (Firm). The Firm makes direct contact with brokerages to arrange for an audit date. The audit is then completed by the Firm personally attending the brokerage to review files. The Firm has the option to contact a brokerage and request that documentation be forwarded to the Firm. The Firm then carries out an initial short form audit and reserves the right to follow up with a complete audit. The Firm prepares and provides a full report to the Saskatchewan Real Estate Commission together with electronic copies of randomly selected samples of real estate documentation.

The second step of the process involves the Commission's Compliance Department conducting an in-depth review and analysis of the completed real estate forms provided by the Firm. The Compliance Department in turn then presents the Commission's Executive Director with a report of its findings and results.

The Executive Director prepares a covering letter to the brokerage which includes a copy of the Firm and Compliance audit reports noting any corrective necessary action or any recommendations for future practices.

The request for funding the Audit of Trust Accounts project, pursuant to sections 72(a) and (d) of *The Real Estate Act*, is \$60,000 for the 2017 – 2018 fiscal year. The total cost of project this year, which includes the audit and investigation of trust accounts as well as continuing education to the brokerages, is projected to be \$105,000.

# Interest Bearing Trust Account Report

## **Project #2 – Continuing Professional Development (CPD) & Education Development**

The Commission recently signed a five year contract with the Association of Saskatchewan REALTORS® (Association) to be the Education provider on behalf of the Commission. Staff members of the Commission work closely with the Association to develop the annual Continuing Professional Development (CPD) course and any changes that would affect other registration courses. The Commission researches issues and provides input to the Association for the course content of all registration courses in addition to the research done by the Association. The Association consults with the Commission staff members on all aspects for the development of the courses.

This project provides the ability for the Commission staff members to perpetually conduct research and provide timely continuing education needs to registrants on new and emerging issues and assists to ensure all courses remain current.

The request for funding the CPD and Education Development project, pursuant to sections 72(a) and (b) of The Real Estate Act, is \$15,000. This funding request is projected to cover all costs associated with the 2017 – 2018 fiscal year.

## **Project # 3 – Education & Examination Development**

In January 2014, the Commission established an Education Examination Task Force. This Task Force is responsible for the development of a format for mandatory Saskatchewan Real Estate Commission education course examinations and to develop the appropriate number of examination questions for the applicable courses. In addition, the Task Force will analyze the Commission's current mandatory courses to ensure the course material has sufficient content.

The structure of the Task Force is composed of Subject Matter Experts (SMEs) from the industry and a representative from each of the administration for the Association and the Saskatchewan Real Estate Commission. Previously, the examination provider Yardstick Technologies (Yardstick) assisted in examination development. The examination development project has concluded and the SMEs are now focused on improvement of course content and examination updating.

The request for funding for the Education Content and Examination Development project, pursuant to sections 72(a) and (b) of The Real Estate Act, is \$30,000 for the 2017 – 2018 fiscal year.



**Saskatchewan Real Estate Commission**

# Financials

Year ending June 30, 2017

**SASKATCHEWAN REAL ESTATE COMMISSION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2017**

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The accompanying financial statements of **Saskatchewan Real Estate Commission** have been prepared by the Commission's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The Board of Directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

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**Aaron Tetu**  
**Executive**  
**Director/Registrar**



## INDEPENDENT AUDITORS' REPORT

To the Members,

**Saskatchewan Real Estate Commission**

We have audited the accompanying financial statements of **Saskatchewan Real Estate Commission** which comprise the statements of financial position as at **June 30, 2017** and the statements of operations, changes in net assets and cash flows for the year then ended, including the General Fund, Interest Bearing Trust Account and Real Estate Assurance Fund, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at June 30, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Other Matter*

The financial statements of the Commission for the year ended June 30, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on September 8, 2016.

**October 10, 2017**

**Saskatoon, Saskatchewan**

*Virtus Group LLP*

**Chartered Professional Accountants**

**SASKATCHEWAN REAL ESTATE COMMISSION**  
**STATEMENT OF FINANCIAL POSITION AS AT JUNE 30,**  
**2017**  
**(with comparative figures for 2016)**

	<b>ASSETS</b>	
	<b>2017</b>	<b>2016</b>
<b>Current assets</b>		
Cash	\$ 1,500,805	\$ 1,360,071
Accounts receivable Accrued	15,364	22,688
interest receivable Prepaid	3,578	13,260
expenses	40,752	47,213
	1,560,499	1,443,232
<b>Investments (Note 3)</b>	1,958,887	1,837,047
<b>Tangible capital assets (Note 4)</b>	338,903	334,508
	<b>\$ 3,858,289</b>	<b>\$ 3,614,787</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 25,740	\$ 92,890
Accrued vacation pay	16,231	17,598
Deferred revenue	724,768	738,029
Due to Interest Bearing Trust Account	37,439	35,186
Due to Real Estate Assurance Fund	12,920	6,760
Due to Real Estate Insurance Exchange	482,625	496,450
	1,299,723	1,386,913
<b>NET ASSETS</b>		
Invested in tangible capital assets	338,904	334,508
Internally restricted (Note 5)	2,219,662	1,893,366
	2,558,566	2,227,874
	<b>\$ 3,858,289</b>	<b>\$ 3,614,787</b>

See accompanying notes to the financial statements.

**APPROVED BY:**

\_\_\_\_\_ Member

\_\_\_\_\_ Member

**SASKATCHEWAN REAL ESTATE COMMISSION**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE**  
**YEAR ENDED JUNE 30, 2017**  
(with comparative figures for the year ended June 30, 2016)

	Unrestricted	Tangible Capital Assets	Internally Restricted (Note 5)		2017	2016
			Capital	Stabilization		
<b>Balance - beginning of year</b>	\$ -	\$ 334,508	\$ 1,721,819	\$ 171,547	\$ 2,227,874	\$ 2,186,711
<b>Excess of revenue over expenses</b>	330,692	-	-	-	330,692	41,163
<b>Amortization of tangible capital assets</b>	4,328	(4,328)	-	-	-	-
<b>Purchase of tangible capital assets</b>	(8,724)	8,724	-	-	-	-
<b>Interfund transfers (Note 5)</b>	(326,296)	-	295,322	30,974	-	-
<b>Balance - end of year</b>	\$ -	\$ 338,904	\$ 2,017,141	\$ 202,521	\$ 2,558,566	\$ 2,227,874

See accompanying notes to the financial statements.

**SASKATCHEWAN REAL ESTATE COMMISSION**  
**STATEMENT OF OPERATIONS FOR THE YEAR ENDED**  
**JUNE 30, 2017**  
(with comparative figures for the year ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Revenue</b>		
Administrative fees	\$ 249,199	\$ 290,504
IBTA project (Note 6)	105,000	-
Interest and investment revenue	77,200	79,672
Internet hosting Professional	14,200	15,000
corporation REAF management fees	69,197	57,571
Registration	25,000	25,000
Sanction	777,885	788,980
Technology	31,348	20,500
	1,114	8,489
	<u>1,350,143</u>	<u>1,285,716</u>
<b>Expenses</b>		
Administration	157,102	245,097
Advertising and promotion	780	2,528
Amortization	4,328	4,080
Audit and legal fees	14,875	24,760
Bank charges and interest	45,382	31,848
Bookkeeping Brokerage audits	8,476	4,881
Computer processing	119,479	151,318
Conferences Education	12,018	12,854
Hearings	13,686	15,377
Insurance	92,999	31,990
Interest and investment fees	11,222	23,053
Investigations Meetings	5,237	2,859
Membership fees Office	4,149	15,309
Office remediation Professional	241,510	156,195
development Property taxes	99,605	140,936
Registration	13,853	15,287
Repairs and maintenance	20,875	18,338
Telephone	-	147,987
Utilities	32,641	8,108
	5,525	6,742
	116,642	90,280
	12,667	5,788
	17,613	13,158
	9,728	9,808
	<u>1,060,392</u>	<u>1,178,581</u>
	<u>289,751</u>	<u>107,135</u>
<b>Other revenue (expenses)</b>		
Loss on disposal of tangible capital assets	-	(4,902)
Unrealized gain (loss) on investments	40,941	(61,070)
	<u>40,941</u>	<u>(65,972)</u>
<b>Excess of revenue over expenses for the year</b>	<u>\$ 330,692</u>	<u>\$ 41,163</u>

See accompanying notes to the financial statements.

**SASKATCHEWAN REAL ESTATE COMMISSION**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED**  
**JUNE 30, 2017**  
(with comparative figures for the year ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Cash provided by (used in) operating activities:</b>	\$ 330,692	\$ 41,163
Excess of revenue over expenses		
Items not involving cash:	4,328	4,080
- Amortization	-	4,902
- Loss on sale of tangible capital assets	(40,941)	61,070
- Unrealized (gain) loss on investments	294,079	111,215
Non-cash operating working capital:		
Accounts receivable	7,324	(12,179)
Accrued interest receivable	9,682	(463)
Due from Interest Bearing Trust Account	-	30,000
Prepaid expenses	6,461	(15,989)
Accounts payable and accrued liabilities	(67,150)	40,378
Accrued vacation pay	(1,367)	2,140
Deferred revenue	(13,261)	7,034
Due to Interest Bearing Trust Account	2,253	35,186
Due to Real Estate Assurance Fund	6,160	(11,280)
Due to Real Estate Insurance Exchange	(13,825)	11,950
	<u>230,356</u>	<u>197,992</u>
<b>Cash provided by (used in) investing activities:</b>	(80,898)	(12,450)
Additions to investments	(8,724)	(1,160)
Additions to tangible capital assets	(89,622)	(13,610)
<b>Increase in cash</b>	140,734	184,382
<b>Cash position - beginning of year</b>	<u>1,360,071</u>	<u>1,175,689</u>
<b>Cash position - end of year</b>	<u>\$ 1,500,805</u>	<u>\$ 1,360,071</u>

See accompanying notes to the financial statements.

**SASKATCHEWAN REAL ESTATE COMMISSION  
INTEREST BEARING TRUST ACCOUNT STATEMENT OF  
FINANCIAL POSITION AS AT JUNE 30, 2017  
(with comparative figures for 2016)**

<b>ASSETS</b>		<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Current assets</b>			
Cash		\$ 76,405	\$ 102,323
Accounts receivable		16,621	16,546
Accrued interest receivable		375	885
Due from Saskatchewan Real Estate Commission		37,439	35,186
		<u>130,840</u>	<u>154,940</u>
<b>Investments (Note 3)</b>		<u>223,951</u>	<u>209,087</u>
		<u><u>\$ 354,791</u></u>	<u><u>\$ 364,027</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Due to Association of Saskatchewan Realtors		<u>\$ 20,000</u>	<u>\$ 20,000</u>
<b>NET ASSETS</b>			
<b>Restricted (Note 6)</b>		<u>334,791</u>	<u>344,027</u>
		<u><u>\$ 354,791</u></u>	<u><u>\$ 364,027</u></u>

See accompanying notes to the financial statements.

**SASKATCHEWAN REAL ESTATE COMMISSION  
INTEREST BEARING TRUST ACCOUNT STATEMENT OF  
OPERATIONS AND CHANGES IN NET ASSETS FOR THE  
YEAR ENDED JUNE 30, 2017  
(with comparative figures for the year ended June 30, 2016)**

	<u>2017</u>	<u>2016</u>
<b>Revenue</b>		
Trust account interest received	\$ 88,107	\$ 91,036
Investment revenue	8,773	6,145
	<u>96,880</u>	<u>97,181</u>
<b>Expenses</b>		
Administration fee Bank service charges	105,000	40,000
Interest and investment fees	5,930	6,014
	557	2,106
	<u>111,487</u>	<u>48,120</u>
	(14,607)	49,061
<b>Other revenue (expenses)</b>		
Unrealized gain (loss) on investments	5,371	(5,981)
<b>Excess (deficiency) of revenue over expenses for the year</b>	(9,236)	43,080
<b>Restricted net assets - beginning of year</b>	<u>344,027</u>	<u>300,947</u>
<b>Restricted net assets - end of year</b>	<u>\$ 334,791</u>	<u>\$ 344,027</u>

See accompanying notes to the financial statements.

**SASKATCHEWAN REAL ESTATE COMMISSION  
INTEREST BEARING TRUST ACCOUNT STATEMENT OF  
CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017  
(with comparative figures for the year ended June 30, 2016)**

	<u>2017</u>	<u>2016</u>
<b>Cash provided by (used in) operating activities:</b>	\$ (9,236)	\$ 43,080
Excess (deficiency) of revenue over expenses		
Items not involving cash:	(5,371)	5,981
- Unrealized (gain) loss on investments	(14,607)	49,061
Non-cash operating working capital:		
Accounts receivable	(75)	(918)
Accrued interest receivable	510	(27)
Due from Saskatchewan Real Estate Commission	(2,2)	(35,1
Due to Saskatchewan Real Estate Commission	53)	86)
	(16,425)	(17,070)
		00)
<b>Cash provided by (used in) investing activities:</b>	(9,493)	(4,012)
Additions to investments		
<b>Decrease in cash</b>	(25,918)	(21,082)
<b>Cash position - beginning of year</b>	102,323	123,405
<b>Cash position - end of year</b>	\$ 76,405	\$ 102,323

See accompanying notes to the financial statements.

**SASKATCHEWAN REAL ESTATE COMMISSION**  
**REAL ESTATE ASSURANCE FUND STATEMENT OF**  
**FINANCIAL POSITION AS AT JUNE 30, 2017**  
**(with comparative figures for 2016)**

<b>ASSETS</b>		<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Current assets</b>			
Cash		\$ 8,918	\$ 8,918
Accrued interest receivable		592	1,891
Due from Saskatchewan Real Estate Commission		12,920	6,760
		<u>22,430</u>	<u>17,569</u>
<b>Investments (Note 3)</b>		<u>575,746</u>	<u>542,527</u>
		<u>\$ 598,176</u>	<u>\$ 560,096</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Deferred revenue		\$ 17,480	\$ 17,821
<b>NET ASSETS</b>			
<b>Unrestricted</b>		330,696	292,275
<b>Restricted</b>		250,000	250,000
		<u>580,696</u>	<u>542,275</u>
		<u>\$ 598,176</u>	<u>\$ 560,096</u>

See accompanying notes to the financial statements.

**SASKATCHEWAN REAL ESTATE COMMISSION  
REAL ESTATE ASSURANCE FUND  
STATEMENT OF OPERATIONS AND CHANGES IN NET  
ASSETS FOR THE YEAR ENDED JUNE 30, 2017  
(with comparative figures for the year ended June 30, 2016)**

	<u>2017</u>	<u>2016</u>
<b>Revenue</b>		
Investment revenue	\$ 28,686	\$ 24,970
Registration	31,500	32,250
	60,186	57,220
<b>Expenses</b>		
SREC management fee	25,000	25,000
Interest and investment fees	1,227	4,691
	26,227	29,691
	33,959	27,529
<b>Other revenue (expenses)</b>		
Unrealized gain (loss) on investments	4,462	(7,980)
<b>Excess of revenue over expenses for the year</b>	\$ 38,421	\$ 19,549

	<u>Unrestricted Net Assets</u>	<u>Restricted Net Assets</u>	<u>2017</u>	<u>2016</u>
<b>Balance - beginning of year</b>	\$ 292,275	\$ 250,000	\$ 542,275	\$ 522,726
<b>Excess of revenue over expenses</b>	38,421	-	38,421	19,549
<b>Balance - end of year</b>	\$ 330,696	\$ 250,000	\$ 580,696	\$ 542,275

See accompanying notes to the financial statements.

**SASKATCHEWAN REAL ESTATE COMMISSION**  
**REAL ESTATE ASSURANCE FUND STATEMENT OF**  
**CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(with comparative figures for the year ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>Cash provided by (used in) operating activities:</b>	\$ 38,421	\$ 19,549
Excess of revenue over expenses		
Items not involving cash:	(4,462)	7,980
- Unrealized (gain) loss on investments	<u>33,959</u>	<u>27,529</u>
Non-cash operating working capital:		
Accrued interest receivable	1,299	3,278
Due from Saskatchewan Real Estate Commission	(6,160)	11,280
Deferred revenue	) (341)	(490)
Restitution payable	-	(20,00)
	<u>28,757</u>	<u>21,597</u>
<b>Cash provided by (used in) investing activities:</b>	<u>(28,757)</u>	<u>(23,557)</u>
Additions to investments		
<b>Decrease in cash</b>	-	(1,960)
<b>Cash position - beginning of year</b>	<u>8,918</u>	<u>10,878</u>
<b>Cash position - end of year</b>	<u>\$ 8,918</u>	<u>\$ 8,918</u>

See accompanying notes to the financial statements.

**SASKATCHEWAN REAL ESTATE COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED JUNE 30, 2017**  
**(with comparative figures for the year ended June 30, 2016)**

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**1. Nature of operations**

Saskatchewan Real Estate Commission (the "Commission") was formed under *The Real Estate Brokers Act, 1987* and was continued under *The Real Estate Act, 1995* in the province of Saskatchewan. The Commission administers The Real Estate Act, The Real Estate Regulations and the Commission Bylaws by maintaining registration of brokerages, brokers, branch managers, associate brokers and sales people, educating registrants, promoting high standards of professionalism, competence and integrity and acting as a liaison between the real estate industry and the general public. Due to the nature of its activities, the Commission is not subject to income taxes.

The Commission receives statutory registration fees from registrants and carries out all ongoing administrative and operating functions. Certain administrative services rendered to the Real Estate Assurance Fund and the Interest Bearing Trust Account are reimbursed through administration fees charged to those funds. Another component of the administrative fee revenue is derived from the Interest Bearing Trust Account through the completion of special projects. The project funding is subject to the approval of the Superintendent of Real Estate appointed by the Minister pursuant to Section 79 of the Real Estate Act.

The Interest Bearing Trust Account consists of interest received from brokerages' trust accounts held in various provincial financial institutions. Interest received is used to conduct research, promote continuing education for registrants and pay costs of conducting audits and investigations of trust accounts subject to prior approval by the Superintendent of Real Estate. The Interest Bearing Trust Account is not reflected on the Statement of Financial Position of the Commission as the account is only held in trust. The Commission's education provider, the Association of Saskatchewan REALTORS® (ASR), contracts with the Commission to complete certain education projects with ASR, receiving funding from the Interest Bearing Trust Account. The Financial and Consumer Affairs Authority (FCAA) set the minimum balance to be maintained in the Interest Bearing Trust Account (IBTA) equal to \$300,000.

The Real Estate Assurance Fund consists of assets held to provide financial protection to the general public. Fees are collected by a levy assessed on every applicant for registration as a registrant and for renewal as a registrant. The Fund is required to maintain a balance of \$250,000 (subsection 48(4) of *The Real Estate Act*). The Real Estate Assurance Fund is not reflected on the Statement of Financial Position of the Commission as the account is only held in trust.

**2. Summary of significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following policies:

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**SASKATCHEWAN REAL ESTATE COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED JUNE 30, 2017**  
**(with comparative figures for the year ended June 30, 2016)**

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**2. Summary of significant accounting policies** (continued)

**Financial instruments**

Financial assets and financial liabilities are recorded on the statement of financial position when the Commission

becomes party to the contractual provisions of the financial instrument. The Commission initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Commission subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in excess of revenue over expenses. Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market.

The Commission's recognized financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities and accrued vacation pay.

**Investments**

Investments other than bonds and deposit notes are recorded at fair market value. Bonds are recorded at their amortized cost over a 5-year period and deposit notes are amortized over their term.

**Tangible capital assets**

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on the diminishing balance basis over the estimated useful life of the assets at the following annual rates:

Buildings	1 %
Computer equipment	33 %
Computer software	33 %
Furniture and fixtures	20 %
Office equipment and appliances	20 %

All additions to tangible capital assets are subject to amortization in the first year they are available for use at a fixed amount approximating 50% of the annual rate.

**Revenue recognition**

The Commission follows the deferral method of accounting for revenue. Registration fees received in advance of

the year of registration are deferred and recognized as revenue in the applicable period. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Sanction revenue is recognized when received.

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**SASKATCHEWAN REAL ESTATE COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED JUNE 30, 2017**  
**(with comparative figures for the year ended June 30, 2016)**

**3. Investments**

Investments consist of:

Deposit notes bearing interest rates between 1.7% and 6.4% with terms from March 2018 to December 2024;

Preferred shares with a fair market value of \$391,822 and a cost base of \$397,897; and

Bonds bearing interest rates between 1.7% and 6.5% with call options from December 2017 to December 2019.

**4. Tangible capital assets**

	<b>2017</b>		<b>2016</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Buildings	\$ 367,940	\$ 76,248	\$ 291,692	\$ 288,914
Computer equipment	23,596	22,507	1,089	1,633
Computer software	8,478	7,930	548	823
Furniture and fixtures	23,056	19,176	3,880	1,444
Land	41,694	-	41,694	41,694
Office equipment and appliances	6,989	6,989	-	-
	<u>\$ 471,753</u>	<u>\$ 132,850</u>	<u>\$ 338,903</u>	<u>\$ 334,508</u>

**5. Net assets internally restricted**

The Commission has established the following reserves:

	<b><u>2017</u></b>	<b><u>2016</u></b>
One-time Future Eligible Capital Expenditures reserve	\$ 2,017,141	\$ 1,721,819
Stabilization reserve	<u>202,521</u>	<u>171,547</u>
	<u>\$ 2,219,662</u>	<u>\$ 1,893,366</u>

The Stabilization Reserve Fund is for offsetting any operating deficits for the next fiscal period and is funded based on a proportion of the current year's revenue or the current year's operating expenses.

The One-time Future Eligible Capital Expenditures Reserve Fund is for accumulating funds for eligible capital expenditures which will enhance the existing range and quality of services. In future years, subject to maintenance of the Capital Asset and Stabilization Reserve Funds, any net amounts from operations will be transferred from or to this Fund.

**SASKATCHEWAN REAL ESTATE COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED JUNE 30, 2017**  
**(with comparative figures for the year ended June 30, 2016)**

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**6. Restricted net assets**

As required by FCAA, the Interest Bearing Trust Account has to maintain a minimum balance of \$300,000. Due to the balance in the account in the current year, the Commission received revenue to offset its IBTA project expenses. In the prior year, the IBTA project costs were funded from the Commission's operating account. The IBTA project costs funded this year were \$105,000 (2016 - \$105,000). The costs associated with the project are reported within various expenditure categories.

**7. Financial risk management**

The Commission has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Commission is exposed are:

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission is exposed to credit risk on the accounts receivable from its customers, however, does not have a significant exposure to any individual customer or counterpart. In order to reduce its credit risk, the Commission has adopted credit policies before extending credit to new customers.

**Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Commission's investment(s) are mostly held in bonds and preferred shares which can fluctuate with the market, and GICs, which do not expose the Commission to market price risk as such investments are not subject to price changes in the open market.

**8. Comparative figures**

Certain comparative figures have been reclassified to conform with the presentation in the current year.

The comparative year's financial statements were audited by other accountants, who issued an unqualified report dated September 8, 2016.

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# Commission Contact Information

## Staff

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